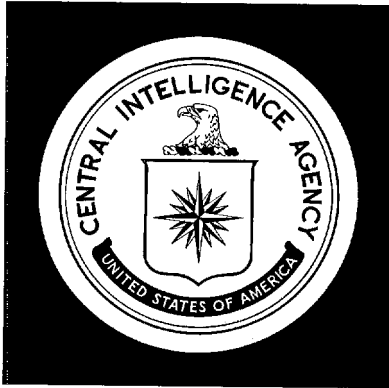


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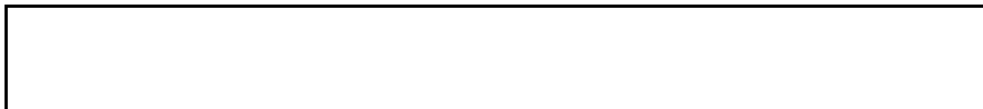
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USSR-CHINA: The failure of the annual Sino-Soviet navigation talks is indicative of the difficulties Moscow and Peking have in reaching agreement even in ostensibly technical areas and suggests that progress on broader issues is highly unlikely.

The Chinese announcement on 21 March of the failure of the talks came only one day after Soviet party chief Brezhnev had restated Soviet interest in improving relations with Peking. Moscow the day before had announced the return to Peking of its chief negotiator in the deadlocked border talks. Simultaneously in his speech, Brezhnev indicated that Moscow was prepared to continue discussions on a series of proposals previously tabled by the Soviets regarding non-aggression, non-use of force, and territorial settlements. Brezhnev stressed, however, that it was now up to Peking to respond. Moscow in part seems interested in exploring Peking's position following President Nixon's visit but also in underlining its contention that Peking, not Moscow, is the intransigent party. The timing of the Chinese announcement of the failure of the navigation talks suggests that Peking intended it to be a low key but negative reply to Brezhnev's speech.

The talks normally deal with such technicalities as dredging of the Amur and Ussuri border river channels and maintenance of navigation markers. The previous session of the talks, which concluded in December 1970, also failed to make progress. Statements by Soviet diplomats indicated that those discussions foundered on the failure of the two sides to agree on the boundary line in the border river. This, of course, has been on the agenda of the separate, higher level Sino-Soviet border talks in Peking. It seems likely that the persistence of the territorial dispute has continued to prevent cooperation on navigation matters.

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CHINA: There has been no discernible progress toward a new power configuration among the leadership since China was rocked by the Lin Piao affair six months ago. Provisional arrangements exist, but there still are vacancies on the 25-member politburo and in the military command. Only a dozen politburo members have been active since last fall, and the effective authority of some remains open to question.

Many positions are unfilled at secondary levels in the central apparatus. Ten main operational departments of the party central committee have been without chiefs since the Cultural Revolution; only one department head has been named in that time. Six government ministers were named in 1971, but many ministerial posts are still vacant, and there have been no new appointments since last November. Moreover, the delay in filling military and civilian posts in the provinces has been uncommonly long; some of these positions have stood vacant for two years.

Despite this apparent paralysis, other evidence points to the strengthening of Chou En-lai and other moderates. The pragmatic domestic and foreign programs associated with these men have been given added momentum in recent months. Still, the delays on personnel appointments reflect Chou's apparent inability to move decisively in areas clearly within his purview as premier. It seems likely, therefore, that after the ravages of the Cultural Revolution and the debilitating effects of the Lin Piao affair, no leader among the survivors has yet acquired decisive leverage. [REDACTED]

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SOUTH VIETNAM - CAMBODIA: The South Vietnamese are continuing their drive to clear out Communist base complexes and supply dumps in Cambodia west of Tay Ninh Province. As of 21 March, large quantities of weapons and about 570 tons of rice--more than enough to feed an entire division for five months--have been captured or destroyed. The South Vietnamese claim to have killed 700 Communists during the first stage, but most were the victims of air and artillery strikes and probably were logistic and rear guard personnel. So far, the Communists have not strongly resisted the operation. General Minh, commander of the MR-3 forces, will probably continue the drive as long as the Communists do not offer any significant opposition and the operation continues to be profitable.

[REDACTED]

MALTA-UK: Prime Minister Mintoff now sees as the two chief requirements for an accord with the UK assurances of bilateral assistance from the US and a written commitment--no matter how veiled--that the 6th Fleet will not visit Malta. Mintoff evidently fears that Washington's large contribution to the UK-NATO package will diminish US ability or inclination to provide bilateral aid. He wants a guarantee that the US fleet will not seek to use port facilities that will be leased to the British so that he can deny the Soviets entry to Maltese ports. Although the Maltese leader said that he is prepared to go to London on 25 March to sign the agreement, the British believe that they will not be able to sign until the middle of next week to allow time for cabinet approval of a draft treaty. The Italian ambassador to Malta, who has been in close contact with Mintoff over the past several weeks, believes that the prime minister will sign but will continue to try for the last possible concession.

[REDACTED]

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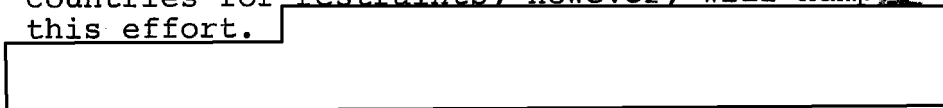
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JAPAN-BENELUX: The Benelux countries are planning to impose quotas on imports of certain Japanese electronic equipment if Tokyo does not agree to voluntary restraints. The planned action, based on the safeguard clause in the Japanese-Benelux trade agreement, comes in the wake of a sharp increase in Japanese sales during 1971 and complaints by domestic producers in the Netherlands that unchecked competition from Japan will force the shutdown of at least some of their operations. France and Italy already control imports of these goods, and West German firms have been pressing Japan to restrict its shipments of electronic equipment. Japan wants to maintain sales growth for these items and diversify markets away from the US in anticipation of US pressure for export controls. The growing desire of EC countries for restraints, however, will hamper this effort.

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CEYLON: The insurgents may have decided to lie low for the moment. A number of Ceylonese and foreign observers in Colombo now believe that the rebels have postponed plans to launch a campaign of terrorism until the government has relaxed its current vigil and can be caught by surprise, perhaps sometime next month. Top government leaders, although worried about the situation, continue to claim that they will be able to put down any uprising, provided that promised Western arms aid arrives soon and the rebels do not receive foreign assistance. The government's popularity, however, has seriously eroded. If there is widespread violence, many people, perhaps including some lower-ranking members of the police and army, might well help the rebels or at least not actively fight against them.

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